## Senate Study Bill 3167 - Introduced

SEN	ATE/HOUSE FILE
вч	(PROPOSED DEPARTMENT OF
	EDUCATION/COLLEGE STUDENT
	AID COMMISSION BILL)

## A BILL FOR

- 1 An Act concerning oversight of schools offering postsecondary
- 2 educational programs by the college student aid commission
- 3 and making penalties applicable.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I

- 2 POSTSECONDARY REGISTRATION REQUIREMENTS
- 3 Section 1. Section 261B.2, Code 2011, is amended to read as
- 4 follows:
- 5 261B.2 Definitions.
- 6 As used in this chapter, unless the context otherwise
- 7 requires:
- 8 1. "Commission" means the college student aid commission
- 9 created pursuant to section 261.1.
- 10 2. "Course of instruction" means a postsecondary educational
- 11 program that a school offers through in-person instruction,
- 12 distance delivery, correspondence study methods, or any
- 13 combination thereof.
- 14 2. 3. "Degree" means a postsecondary credential conferring
- 15 on the recipient the title of associate, bachelor, master,
- 16 or doctor, or an equivalent title, signifying educational
- 17 attainment based on any one or a combination of study or
- 18 the equivalent which may be supplemented by experience or
- 19 achievement testing. A postsecondary degree under this chapter
- 20 shall not include an honorary degree or other unearned degree.
- 21 3. 4. "Presence" means maintaining an address within Iowa
- 22 a location in Iowa at which a student participates in any
- 23 structured activity related to a school's distance education
- 24 course of instruction, with the exception of proctored
- 25 examinations. "Presence" also means an address, location,
- 26 telephone number, or internet protocol address in Iowa from
- 27 which a school conducts any aspect of its operations. For the
- 28 purpose of a residential course of instruction offered on a
- 29 school's campus that is not located in Iowa, "presence" does not
- 30 include:
- 31 a. Occasional, short-term activities conducted at a location
- 32 in Iowa for the purpose of recruiting students for the school's
- 33 residential course of instruction.
- 34 b. A residency, practicum, internship, clinical, or
- 35 similar experience that the school permits the student to

- 1 participate in at a location in Iowa, provided that a person
- 2 who provides instruction or supervision at the Iowa location is
- 3 not compensated by the school.
- 4 4. 5. "School" means an agency of the state or political
- 5 subdivision of the state, individual, partnership, company,
- 6 firm, society, trust, association, corporation, or any
- 7 combination which meets any of the following criteria:
- 8 a. Is, owns, or operates a nonprofit postsecondary
- 9 educational institution.
- 10 b. Provides a postsecondary instructional program or course
- 11 of instruction leading to a degree.
- 12 c. Uses in its name the term "college", "academy",
- 13 "institute", or "university" or a similar term to imply that the
- 14 person is primarily engaged in the education of students at the
- 15 postsecondary level, and which makes a charge for its services.
- 16 5. 6. "Student" means a person who enrolls in or seeks to
- 17 enroll in a course of instruction offered or conducted by a
- 18 school.
- 19 Sec. 2. Section 261B.3, Code 2011, is amended to read as
- 20 follows:
- 21 261B.3 Registration.
- 22 l. Except as provided in section 261B.11, a school that
- 23 maintains or shall register with the commission if a person
- 24 compensated by the school conducts one or more courses any
- 25 portion of a course of instruction, including courses of
- 26 instruction by correspondence or other distance delivery
- 27 method, offered in this state or which if the school otherwise
- 28 has a presence in this state and offers courses in other states
- 29 or foreign countries shall register with the commission.
- 30 a. Registrations shall be renewed every four two years
- 31 or and shall be amended upon any substantive change in
- 32 location, program offering, or accreditation. A school makes
- 33 a substantive change in a program offering when the school
- 34 proposes to offer or modify a program that requires the
- 35 approval of the state board of education or any other state

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- 1 agency authorized to approve the school or its program in this
  2 state.
- 3 b. Registration shall be made on application forms approved
- 4 and supplied made available by the commission and at the time
- 5 and in the manner prescribed by the commission. Upon receipt
- 6 of a complete and accurate registration application, the
- 7 commission shall issue an acknowledgment of document filed and
- 8 send it to the school.
- 9 2. The commission may request require a school to provide
- 10 additional information as the commission deems necessary
- 11 to enable the commission to determine the accuracy and
- 12 completeness of the information contained in the evaluate a
- 13 school's suitability for registration application.
- 14 3. The commission shall notify a school in writing of its
- 15 decision to grant or deny registration and any stipulation
- 16 associated with the school's registration.
- 17 4. If a school fails to meet any of the registration
- 18 criteria, or if the commission believes that false, misleading,
- 19 or incomplete information has been submitted in connection
- 20 with an application for registration, the commission may
- 21 deny registration. The commission shall conduct a hearing
- 22 on the denial if a hearing is requested by a school. The
- 23 commission may withhold an acknowledgment of document filed
- 24 pending the outcome of the hearing. Upon a finding after the
- 25 hearing that the school fails to meet any of the registration
- 26 criteria, or that information contained in the registration
- 27 application is false, misleading, or incomplete, the commission
- 28 shall deny an acknowledgment of document filed to the school
- 29 registration. The commission shall make the final decision on
- 30 each registration. However, the decision of the commission is
- 31 subject to judicial review in accordance with section 17A.19.
- 32 3. 5. The commission shall adopt rules under chapter 17A
- 33 for the implementation of this chapter.
- 34 Sec. 3. Section 261B.3A, Code 2011, is amended to read as
- 35 follows:

- 1 261B.3A Requirements.
- In order to register, a school shall be accredited
- 3 by an agency or organization approved or recognized by the
- 4 United States department of education or a successor agency,
- 5 be approved by any other state agency authorized to approve
- 6 the school in this state, and, subsequently, be approved for
- 7 operation by the commission.
- 8 2. A practitioner preparation program, as defined in
- 9 section 272.1, operated by a school that applies to register
- 10 the program in accordance with this chapter shall, in order to
- 11 register, be accredited by an agency or organization approved
- 12 or recognized by the United States department of education or a
- 13 successor agency, be approved by the state board of education
- 14 pursuant to section 256.7, subsection 3, and, subsequently, be
- 15 approved for operation by the commission.
- 16 3. The commission may grant a provisional registration to
- 17 a school that is not accredited by an agency or organization
- 18 that is recognized by the United States department of education
- 19 or its successor agency. The commission shall determine
- 20 the duration of the provisional registration. During the
- 21 provisional registration period, the school shall, at six-month
- 22 intervals, submit to the commission documentation of its
- 23 progress toward achieving accreditation. The commission may
- 24 renew the school's provisional registration at its discretion
- 25 if the documentation submitted indicates that the school is
- 26 making progress toward accreditation.
- 27 3. 4. Nothing in this chapter shall be construed to exempt
- 28 a school from the requirements of chapter 490, or 491, or 714.
- 29 Sec. 4. Section 261B.4, Code 2011, is amended to read as
- 30 follows:
- 31 261B.4 Registration information.
- 32 As a basis for registration, schools shall provide the
- 33 commission with the following information:
- 34 1. The name or title of the school.
- 35 2. The As applicable, the principal location of the school

- 1 in this state, in other states, and in foreign countries, and
- 2 the location of the place or places in this state, in other
- 3 states, and in foreign countries where instruction is likely
- 4 to be given.
- 3. A schedule of the total tuition charges, fees, and other
- 6 costs payable to the school by a student during the course of
- 7 instruction.
- 8 4. The refund policy of the school for the return of
- 9 refundable portions of tuition, fees, or other charges.
- 10 The tuition refund policy for Iowa resident students of a
- 11 for-profit school with at least one program of more than
- 12 four months in length that leads to a recognized educational
- 13 credential, such as an academic or professional degree,
- 14 diploma, or license, must comply with section 714.23.
- 15 5. The degrees granted by the school.
- 16  $\frac{6}{10}$  5. The names and addresses of the principal owners of
- 17 the school or the officers and members of the legal governing
- 18 body of the school.
- 19 7. 6. The name and address of the chief executive officer
- 20 of the school.
- 21 8. 7. A copy of or a description of the means by which the
- 22 school intends to comply with section 261B.9.
- 23 9. 8. The name of the accrediting agency recognized by the
- 24 United States department of education or a successor agency
- 25 which has accredited the school, and the status under which
- 26 accreditation is held, the name of any other accrediting or
- 27 licensing entity that has accredited or licensed the school or
- 28 its programs, a copy of the accrediting or licensure notice
- 29 issued by the entity, and a record of any sanctions the entity
- 30 has levied against the school.
- 31 10. 9. The name, address, and telephone number of a contact
- 32 person in this state. A school that applies for registration
- 33 to offer a course of instruction by distance delivery may
- 34 provide the name and address of its registered agent in Iowa.
- 35 11. 10. The names or titles and a description of the

- 1 courses and degrees to be offered in Iowa.
- 2 12. 11. A description of procedures for the preservation
- 3 of student records and the contact information to be used
- 4 by students and graduates who seek to obtain transcript
- 5 information.
- 6 13. 12. The academic and instructional methodologies and
- 7 delivery systems to be used by the school and the extent to
- 8 which the school anticipates each methodology and delivery
- 9 system will be used, including, but not limited to, classroom
- 10 instruction, correspondence, electronic telecommunications
- 11 distance delivery, independent study, and portfolio experience
- 12 evaluation.
- 13. The name, title, business address, telephone number,
- 14 and resume of an Iowa resident compensated by the school to
- 15 perform duties at a location in Iowa. A school that applies
- 16 for registration to offer a course of instruction by distance
- 17 delivery may provide an internet address as the business
- 18 address for an Iowa resident it compensates to perform duties
- 19 remotely from a location in Iowa.
- 20 14. The school's official Stafford loan cohort default rate
- 21 as calculated by the United States department of education for
- 22 the three most recent federal fiscal years, if applicable.
- 23 15. Average student loan debt upon graduation of students
- 24 completing programs at the school.
- 25 16. The graduation rate of undergraduate students as
- 26 reported to the United States department of education.
- 27 17. Evidence that the school meets the conditions of
- 28 financial responsibility established in section 714.18, or that
- 29 the school qualifies for an exemption under section 714.19 or
- 30 714.22.
- 31 Sec. 5. Section 261B.7, Code 2011, is amended to read as
- 32 follows:
- 33 261B.7 Unauthorized representation.
- 34 Neither a A school nor its or a school's officials or
- 35 employees shall not advertise or represent that the school is

- 1 approved or accredited by the commission or the state of Iowa
- 2 <del>nor shall it use the registration as a</del>. However, a registered
- 3 school shall reference in promotional materials that the school
- 4 is registered by the commission on behalf of the state of Iowa
- 5 and provide the commission's contact information for students
- 6 who wish to inquire about the school or file a complaint.
- 7 Sec. 6. Section 261B.9, subsection 5, Code 2011, is amended
- 8 to read as follows:
- 9 5. Whether the postsecondary credential or certificate
- 10 issued, awarded, or credited to a student upon completion
- 11 of the course or the fact of completion of the course is
- 12 applicable toward a degree granted by the school and, if so,
- 13 under what circumstances the application will be made.
- 14 Sec. 7. Section 261B.9, Code 2011, is amended by adding the
- 15 following new subsection:
- 16 NEW SUBSECTION. 7. The disclosures required by the
- 17 department of education for an out-of-state school that the
- 18 board of education approves to offer a practitioner preparation
- 19 program by distance delivery method.
- Sec. 8. Section 261B.11, Code 2011, is amended to read as
- 21 follows:
- 22 261B.11 Exceptions.
- 23 l. This chapter does not apply to the following types of
- 24 schools and courses of instruction:
- 25  $\frac{1}{1}$  a. Schools and educational programs conducted by firms,
- 26 corporations, or persons solely for the training of their own
- 27 employees.
- 28 2. b. Apprentice or other training programs provided by
- 29 labor unions solely to members or applicants for membership.
- 30 3. c. Courses of instruction of an avocational or
- 31 recreational nature that do not lead to an occupational
- 32 objective.
- 33 4. d. Seminars, refresher courses, and programs of
- 34 instruction sponsored by professional, business, or farming
- 35 organizations or associations for the members and employees of

- 1 members of these organizations or associations.
- 2 5. e. Courses of instruction conducted by a public school
- 3 district or a combination of public school districts.
- 4 6. f. Colleges and universities authorized by the laws of
- 5 this state to grant degrees.
- 6 7. g. Schools or courses of instruction or courses of
- 7 training that are offered by a vendor solely to the purchaser
- 8 or prospective purchaser of the vendor's product when the
- 9 objective of the school or course is to enable the purchaser
- 10 or the purchaser's employees to gain skills and knowledge to
- 11 enable the purchaser to use the product.
- 12 8. h. Schools and educational programs conducted by
- 13 religious organizations solely for the religious instruction of
- 14 leadership practitioners of that religious organization.
- 15 9. i. Postsecondary educational institutions licensed by
- 16 the state of Iowa prior to July 1, 2009, under section 157.8
- 17 or 158.7 to conduct business operate as schools of cosmetology
- 18 arts and sciences or as barber schools in the state.
- 19 <del>10.</del> j. <del>Accredited higher</del> Higher education institutions
- 20 that meet the criteria established under section 261.92, 261.9,
- 21 subsection 1.
- 22  $\frac{11}{k}$  R. Postsecondary educational institutions offering
- 23 programs limited to nondegree specialty vocational training
- 24 programs.
- 25 12. Not-for-profit colleges and universities established
- 26 and authorized by city ordinance to grant degrees.
- 27 1. Higher education institutions located in Iowa that are
- 28 affiliated with health care systems located in Iowa, and which
- 29 offer health professions programs that are accredited by an
- 30 accrediting agency recognized by the United States department
- 31 of education.
- 32 m. Higher education institutions located in Iowa whose
- 33 massage therapy curriculum is approved under administrative
- 34 rules of the professional licensure division of the department
- 35 of public health and whose instructors are licensed massage

- 1 therapists under chapter 152C.
- 2. A school that claims an exemption from registration
- 3 under subsection 1, paragraph "h", "i", "k", "l", or "m", must
- 4 demonstrate to the commission or its designee that it qualifies
- 5 for the exemption. The school must apply for approval of its
- 6 exemption claim on an application supplied by the commission.
- 7 The commission or its designee may approve the school's
- 8 exemption claim or deny it. A school whose exemption claim is
- 9 approved must reapply to renew its exemption no less frequently
- 10 than every two years.
- 11 a. A school that is granted an exemption under this section
- 12 must file evidence of financial responsibility under section
- 13 714.18 or demonstrate to the commission or its designee that
- 14 the school qualifies for an exemption under section 714.19 or
- 15 714.22.
- 16 b. A for-profit school with at least one program of
- 17 more than four months in length that leads to a recognized
- 18 educational credential, such as an academic or professional
- 19 degree, diploma, or license, must submit to the commission or
- 20 its designee a tuition refund policy that meets the conditions
- 21 of section 714.23.
- 22 3. A school that is denied an exemption claim by the
- 23 commission or its designee, or that no longer qualifies for
- 24 a claimed exemption, shall apply for registration or cease
- 25 operating in Iowa.
- 26 Sec. 9. NEW SECTION. 261B.11A Ineligibility for state
- 27 student aid programs.
- 28 1. Students attending schools required to register under
- 29 this chapter are ineligible for state student financial aid
- 30 programs established under chapter 261.
- 31 2. A school required to register under this chapter is
- 32 prohibited from offering state aid or advertising that state
- 33 aid is or may be available to students attending the school.
- 34 DIVISION II
- 35 POSTSECONDARY REGISTRATION UNLAWFUL ACTIVITY

- 1 Sec. 10. Section 714.17, Code 2011, is amended to read as 2 follows:
- 714.17 Unlawful advertising and selling of educational 4 courses of instruction.
- 5 It shall be unlawful for any person, firm, association,
- 6 or corporation maintaining, advertising, or conducting in
- 7 Iowa any educational course of instruction for profit, or
- 8 for tuition charge, whether by classroom instructions, or by
- 9 correspondence, or by other delivery method to:
- 10 l. Falsely advertise or represent to any person any matter
- 11 material to such an educational course of instruction. All
- 12 advertising of such courses of instruction shall adhere to and
- 13 comply with the rules and regulations of the federal trade
- 14 commission as of July 4, 1965.
- 2. Collect tuition or other charges in excess of one hundred
- 16 fifty dollars in the case of educational courses offered by
- 17 correspondence courses of study, in advance of the receipt and
- 18 approval by the pupil of the first assignment or lesson of such
- 19 course. Any contract providing for advance payment of more
- 20 than one hundred fifty dollars shall be voidable on the part of
- 21 the pupil or any person liable for the tuition provided for in
- 22 the contract.
- Promise or guarantee employment utilizing information,
- 24 training, or skill purported to be provided or otherwise
- 25 enhanced by a an educational course, unless the promisor or
- 26 guarantor offers the student or prospective student a bona
- 27 fide contract of employment agreeing to employ said student
- 28 or prospective student for a period of not less than one
- 29 hundred twenty days in a business or other enterprise regularly
- 30 conducted by the promisor or guarantor and in which such
- 31 information, training, or skill is a normal condition of
- 32 employment.
- 33 Sec. 11. Section 714.18, subsection 1, Code 2011, is amended
- 34 to read as follows:
- 35 l. Except as otherwise provided in subsection 2, every

1 person, firm, association, or corporation maintaining or

- 2 conducting in Iowa any such educational course of instruction
- 3 by classroom instruction or by correspondence or by other
- 4 distance delivery method, or soliciting in Iowa the sale of
- 5 such course, shall file with the college student aid commission
- 6 all of the following:
- 7 a. A continuous corporate surety bond to the state of
- 8 Iowa in the sum of fifty thousand dollars conditioned for
- 9 on the faithful performance of all contracts and agreements
- 10 with students made by such person, firm, association, or
- 11 corporation, or their salespersons; but the aggregate liability
- 12 of the surety for all breaches of the conditions of the bond
- 13 shall not exceed the sum of the bond. The surety on the bond
- 14 may cancel the bond upon giving thirty days' written notice
- 15 to the college student aid commission and thereafter shall be
- 16 relieved of liability for any breach of condition occurring
- 17 after the effective date of the cancellation.
- 18 b. A statement designating a resident agent for the purpose
- 19 of receiving service in civil actions. In the absence of such
- 20 designation, service may be had upon the secretary of state if
- 21 service cannot otherwise be made in this state.
- 22 c. A copy of any catalog, prospectus, brochure, or other
- 23 advertising material intended for distribution in Iowa.
- 24 Such material shall state the cost of the educational course
- 25 offered, the schedule of tuition refunds for portions of the
- 26 educational course not completed, and if no refunds are to
- 27 be paid, the material shall so state. Any contract induced
- 28 by advertising materials not previously filed as provided in
- 29 this chapter shall be voidable on the part of the pupil or any
- 30 person liable for the tuition provided for in the contract.
- 31 Sec. 12. Section 714.18, subsection 2, paragraph a,
- 32 subparagraphs (1) and (4), Code 2011, are amended to read as
- 33 follows:
- 34 (1) A continuous corporate surety bond to the state of
- 35 Iowa in the sum of fifty thousand dollars or ten percent

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- 1 of the total annual tuition collected, whichever is less,
- 2 conditioned for on the faithful performance of all contracts
- 3 and agreements with students made by such school. A school
- 4 desiring to file a surety bond based on a percentage of annual
- 5 tuition shall provide to the college student aid commission, in
- 6 the form prescribed by the commission, a notarized statement
- 7 attesting to the total amount of tuition collected in the
- 8 preceding twelve-month period. The commission shall determine
- 9 the sufficiency of the statement and the amount of the bond.
- 10 Tuition information submitted pursuant to this subparagraph
- 11 shall be kept confidential.
- 12 (4) The college student aid commission may accept a letter
- 13 of credit from issued by a bank in lieu of and for the amount of
- 14 the corporate surety bond required by this paragraph "a"
- 15 subparagraphs (1) through (3), as applicable.
- 16 Sec. 13. Section 714.19, unnumbered paragraph 1, Code 2011,
- 17 is amended to read as follows:
- 18 None of the The provisions of sections 714.17 to 714.22
- 19 714.21 shall not apply to the following:
- Sec. 14. Section 714.19, subsections 6 through 8, Code 2011,
- 21 are amended to read as follows:
- 22 6. Schools and educational programs conducted by firms,
- 23 corporations, or persons for the training of their own
- 24 employees, for which no fee is charged.
- 7. Seminars, refresher courses, and schools of instruction
- 26 sponsored conducted by professional, business, or farming
- 27 organizations or associations for the members and employees of
- 28 members of such organizations or associations. A person who
- 29 provides instruction under this subsection who is not a member
- 30 or an employee of a member of the organization or association
- 31 shall not be eligible for this exemption.
- 32 8. Private business schools accredited by the accrediting
- 33 commission for business schools or an acknowledged accrediting
- 34 agency recognized by the United States department of education
- 35 or the council for higher education accreditation.

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- 1 Sec. 15. Section 714.19, Code 2011, is amended by adding the
- 2 following new subsection:
- NEW SUBSECTION. 10. Private, nonprofit schools that meet
- 4 the criteria established under section 261.9, subsection 1.
- Sec. 16. Section 714.23, Code 2011, is amended by adding the
- 6 following new subsection:
- 7 NEW SUBSECTION. 01. a. For the purposes of this section
- 8 and section 714.25, "postsecondary educational program" means
- 9 a series of postsecondary educational courses that lead to
- 10 a recognized educational credential such as an academic or
- 11 professional degree, diploma, or license.
- 12 b. For the purposes of this section, "school period" means
- 13 the course, term, payment period, postsecondary educational
- 14 program, or other period for which the school assessed tuition
- 15 charges to the student. A school that assesses tuition charges
- 16 to the student at the beginning of each course, term, payment
- 17 period, or other period that is shorter than the postsecondary
- 18 educational program's length shall base its tuition refund on
- 19 the amount of tuition costs the school charged for the course,
- 20 term, or other period in which the student terminated. A
- 21 school shall not base its tuition refund calculation on any
- 22 portion of a postsecondary educational program that remains
- 23 after a student terminates unless the student was charged for
- 24 that remaining portion of the postsecondary educational program
- 25 before the student's termination.
- Sec. 17. Section 714.23, subsections 1 through 5, Code 2011,
- 27 are amended to read as follows:
- 28 1. A person offering a course of instruction at the
- 29 postsecondary level at least one postsecondary educational
- 30 program, for profit, that is more than four months in
- 31 length and leads to a degree, diploma, or license recognized
- 32 educational credential, shall make a pro rata refund of no less
- 33 than ninety percent of the tuition for a terminating student to
- 34 the appropriate agency based upon charges to an Iowa resident
- 35 student who terminates from any of the school's postsecondary

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1 educational programs in an amount that is not less than
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- 2 ninety percent of the amount of tuition charged to the student
- 3 multiplied by the ratio of completed number of scheduled school
- 4 days to the number of calendar days remaining in the school
- 5 period until the date equivalent to the completion of sixty
- 6 percent of the scheduled school calendar days of in the school
- 7 term or course period to the total number of calendar days in
- 8 the school period until the date equivalent to the completion
- 9 of sixty percent of the calendar days in the school period.
- 2. Notwithstanding the provisions of subsection 1, the
- 11 following tuition refund policy shall apply:
- 12 a. If a terminating student has completed sixty percent or
- 13 more of a school term or course that is more than four months in
- 14 length period, the person offering the course of instruction
- 15 postsecondary educational program is not required to refund
- 16 tuition for charges to the student. However, if, at any time,
- 17 a student terminates a school term or course that is more than
- 18 four months in length postsecondary educational program due
- 19 to the student's physical incapacity or, for a program that
- 20 requires classroom instruction, due to the transfer of the
- 21 student's spouse's employment to another city, the terminating
- 22 student shall receive a refund of tuition charges in an amount
- 23 which that equals the amount of tuition charged to the student
- 24 multiplied by the ratio of the remaining number of school
- 25 calendar days in the school period to the total school number
- 26 of calendar days of in the school term or course period.
- 27 b. A refund of ninety percent of the tuition for a
- 28 terminating student shall be paid to the appropriate agency
- 29 based upon the ratio of completed number of school days to
- 30 the total school days of the school term or course. A school
- 31 shall provide to a terminating student a refund of tuition
- 32 charges in an amount that is not less than ninety percent of
- 33 the amount of tuition charged to the student multiplied by the
- 34 ratio of the remaining number of calendar days in the school
- 35 period to the total number of calendar days in the school

- 1 period. This paragraph "b" applies to those persons offering
- 2 courses of instruction at the postsecondary level at least one
- 3 postsecondary educational program of more than four months in
- 4 length, for profit, whose cohort default rate for students
- 5 under the Stafford loan program as defined reported by the
- 6 United States department of education for the most recent
- 7 federal fiscal year is more than one hundred ten percent of the
- 8 national average cohort default rate of all schools for that
- 9 program for that period the same federal fiscal year or six
- 10 percent, whichever is higher.
- 3. If the financial obligations of a student are for three
- 12 or fewer months duration, this section does not apply. In the
- 13 case of a program in which student progress is measured only in
- 14 clock hours, all occurrences of "calendar days" in subsections
- 15 1 and 2 shall be replaced with "scheduled clock hours".
- 16 4. Refunds A refund of tuition charges shall be paid
- 17 provided to the appropriate agency student within thirty
- 18 forty-five days following the student's termination date of the
- 19 school's determination that a student has terminated from a
- 20 postsecondary educational program.
- 21 5. A student who terminates a course of instruction or
- 22 term postsecondary educational program shall not be charged
- 23 any fee or other monetary penalty for terminating a course of
- 24 instruction or term the postsecondary educational program,
- 25 other than a reduction in tuition refund as specified in this
- 26 section.
- 27 Sec. 18. NEW SECTION. 714.24 Additional requirements.
- 28 l. A required filing of evidence of financial
- 29 responsibility pursuant to section 714.18 must be completed at
- 30 least once every two years.
- 31 2. An entity that claims an exemption under section 714.19
- 32 or 714.22 must file an exemption claim with the commission.
- 33 The commission may approve or deny the exemption claim. Except
- 34 for a school that claims an exemption under section 714.19,
- 35 subsection 1, 3, or 10, a filing of a claim for an exemption

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1 pursuant to section 714.19 or 714.22 must be completed at least 2 once every two years.

- 3. An entity that claims an exemption under section 714.19
- 4 or 714.22 must file evidence of financial responsibility
- 5 pursuant to section 714.18 within sixty calendar days following
- 6 the date upon which conditions that qualify the entity for an
- 7 exemption under section 714.19 no longer exist. The commission
- 8 may grant an entity a longer period to file evidence of
- 9 financial responsibility based on documentation the entity
- 10 provides to the commission of its substantial progress to
- 11 comply with section 714.18, subsection 1, paragraph "a".
- 12 4. An entity that is required to file evidence of financial
- 13 responsibility under section 714.18, or an entity that files
- 14 a claim of exemption under section 714.19 or 714.22, shall
- 15 utilize required forms approved and supplied by the commission.
- 16 5. The commission may, at its discretion, require a
- 17 proprietary school that must comply with section 714.23 to
- 18 submit its tuition refund policy to the commission for its
- 19 review and approval.
- 20 6. The commission and the attorney general may,
- 21 individually or jointly, adopt rules pursuant to chapter 17A
- 22 for the implementation of sections 714.18 through 714.25.
- 7. Except as provided in section 714.18, subsection 2,
- 24 paragraph "a", the information submitted under sections 714.18,
- 25 714.22, 714.23, and 714.25 are public records under chapter 22.
- Sec. 19. Section 714.25, Code 2011, is amended to read as
- 27 follows:
- 28 714.25 Disclosure.
- 29 1. For purposes of this <del>chapter</del> section, <del>unless the</del>
- 30 context otherwise requires, "proprietary school" means a person
- 31 offering a course of instruction at the postsecondary level
- 32 postsecondary educational program, for profit, that is more
- 33 than four months in length and leads to a degree, diploma, or
- 34 license recognized educational credential, such as an academic
- 35 or professional degree, diploma, or license.

- 1 2. A proprietary school shall, prior to the time a student
- 2 is obligated for payment of any moneys, inform the student, the
- 3 college student aid commission, and in the case of a school
- 4 licensed under section 157.8, the board of cosmetology arts
- 5 and sciences or in the case of a school licensed under section
- 6 158.7, the board of barbering, of all of the following:
- 7 a. The total cost of the course of instruction postsecondary
- 8 educational program as charged by the proprietary school.
- 9 b. An estimate of any fees which may be charged the
- 10 student by others which would be required if the student is
- 11 to successfully complete the course postsecondary educational
- 12 program and, if applicable, obtain a degree, diploma, or
- 13 license recognized educational credential.
- 14 c. The percentage of students who successfully complete
- 15 the course postsecondary educational program, the percentage
- 16 who terminate prior to completing the course postsecondary
- 17 educational program, and the period of time upon which the
- 18 proprietary school has based these percentages. The reporting
- 19 period shall not be less than one year in length and shall not
- 20 extend more than five years into the past.
- 21 d. If claims are made by the proprietary school as to
- 22 successful placement of students in jobs upon completion of the
- 23 course of study proprietary school's postsecondary educational
- 24 programs, the proprietary school shall provide the student with
- 25 all of the following:
- 26 (1) The percentage of graduating students who were placed
- 27 in jobs in fields related to the course of instruction
- 28 postsecondary educational programs.
- 29 (2) The percentage of graduating students who went on to
- 30 further education immediately upon graduation.
- 31 (3) The percentage of students who, ninety days after
- 32 graduation, were without a job and had not gone on to further
- 33 education.
- 34 (4) The period of time upon which the reports required by
- 35 paragraphs "a" through "c" were based. The reporting period

- 1 shall not be less than one year in length and shall not extend
- 2 more than five years into the past.
- 3 e. If claims are made by the proprietary school as to income
- 4 levels of students who have graduated and are working in fields
- 5 related to the proprietary school's course of instruction
- 6 postsecondary educational programs, the proprietary school
- 7 shall inform the student of the method used to derive such
- 8 information.
- 9 3. The requirements of subsection 2 shall not apply to
- 10 a proprietary school that is eligible for federal student
- 11 financial aid under Tit. IV of the federal Higher Education Act
- 12 of 1965, as amended.
- 13 Sec. 20. REPEAL. Section 714.22, Code 2011, is repealed.
- 14 EXPLANATION
- 15 This bill makes changes regarding oversight by the college
- 16 student aid commission of schools offering postsecondary
- 17 educational programs.
- 18 Division I of the bill makes various changes relating to the
- 19 college student aid commission's registration requirements for
- 20 postsecondary schools governed by Code chapter 261B.
- 21 The bill expands the definition of a postsecondary school
- 22 which maintains a presence in Iowa to include, with certain
- 23 exceptions, a location in the state at which a student
- 24 participates in any structured activity related to a school's
- 25 distance education course of instruction, as well as any
- 26 address, location, telephone number, or internet protocol
- 27 address in Iowa from which the school conducts any aspect of
- 28 its operations.
- 29 The bill requires postsecondary schools to renew
- 30 registration with the commission every two years instead of
- 31 every four years.
- 32 The bill allows the commission to grant a provisional
- 33 registration to a postsecondary school that is not accredited
- 34 by an agency or organization that is recognized by the United
- 35 States department of education. Such a school must report on

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- 1 its progress toward seeking accreditation every six months.
- 2 Provisional registration may be renewed at the department's
- 3 discretion.
- 4 The bill expands the information a postsecondary school
- 5 seeking to register must provide to the commission. The
- 6 new requirements include the name, title, business address,
- 7 telephone number, and resume of an Iowa resident compensated
- 8 by the school to perform duties at a location in the state;
- 9 the school's official Stafford loan cohort default rate as
- 10 calculated by the United States department of education for the
- 11 three most recent federal fiscal years; the average student
- 12 loan debt upon graduation of students completing programs at
- 13 the school; the graduation rate of undergraduate students as
- 14 reported to the United States department of education; and
- 15 evidence that the school meets the conditions of financial
- 16 responsibility established in Code chapter 714.
- 17 The bill makes changes to postsecondary schools exempt from
- 18 Code chapter 261B, including exemptions for schools at which
- 19 students are eligible for tuition grants under Code chapter
- 20 261, division II; certain schools affiliated with health care
- 21 systems; and certain schools offering approved massage therapy
- 22 curriculums.
- 23 The bill specifies that students attending schools which
- 24 must register with the commission under Code chapter 261B
- 25 are ineligible for state student financial aid programs
- 26 established by Code chapter 261, and such schools may not offer
- 27 such financial aid or advertise that such financial aid is
- 28 available.
- 29 Division I of the bill also makes changes to terminology
- 30 and other technical changes relating to the commission's
- 31 registration requirements under Code chapter 261B.
- 32 Division II of the bill makes various changes relating to
- 33 the college student aid commission's oversight functions over
- 34 the advertising, financial responsibility, tuition refund, and
- 35 disclosure requirements and restrictions governing certain

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- 1 educational programs and courses under Code chapter 714.
- 2 The bill amends Code section 714.19, relating to the
- 3 nonapplicability of Code sections 714.17 to 714.21, governing
- 4 business and financial practices of sellers of educational
- 5 courses, to provide that instructors for courses conducted
- 6 by professional, business, or farming organizations or
- 7 associations for the members and employees of members of such
- 8 entities who are not members or employees of members themselves
- 9 are ineligible for exemption from Code sections 714.17 to
- 10 714.21. The bill specifies accreditation standards for private
- 11 business schools exempt from Code sections 714.17 to 714.21.
- 12 The bill creates a new exemption from Code sections 714.17
- 13 to 714.21 for private, nonprofit schools eligible for state
- 14 student financial aid programs authorized under Code chapter
- 15 261. The bill repeals Code section 714.22, which exempts trade
- 16 and vocational schools from Code sections 714.17 to 714.21 if
- 17 certain conditions are met.
- 18 The bill amends Code section 714.23 to remove the exemption
- 19 for students with financial obligations of three or fewer
- 20 months' duration from standards regarding tuition refund
- 21 policies. The bill provides for the inclusion of educational
- 22 programs in which student progress is measured only in clock
- 23 hours under standards regarding tuition refund policies. The
- 24 bill also provides that certain tuition refunds must be paid
- 25 directly to students. A violation of Code section 714.23 is a
- 26 simple misdemeanor, which is punishable by confinement for not
- 27 more than 30 days or a fine of at least \$65 but not more than
- 28 \$625 or by both.
- 29 The bill amends Code section 714.25 to exempt from certain
- 30 disclosure requirements proprietary schools, as defined in the
- 31 bill, that are eligible for federal student financial aid under
- 32 Title IV of the Higher Education Act of 1965.
- 33 The bill provides that the commission and the attorney
- 34 general may, individually or jointly, adopt rules pursuant
- 35 to Code chapter 17A to carry out the commission's oversight

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- 1 functions under Code chapter 714.
- 2 Finally, division II of the bill makes changes to
- 3 terminology, demonstration of compliance, and exemptions
- 4 relating to the commission's oversight functions under Code
- 5 chapter 714.